

OFFICE OF
GENERAL COUNSEL
BEFORE THE
FEDERAL ELECTION COMMISSION
2018 FEB 20 PM 12: 53

Deborah Cunningham-Skurnik
Mission Viejo, CA 92692

Complainant,

MUR # 7323

v.

Rep. Mimi Walters
8001 Irvine Center Drive, #400
Irvine, CA 92618

Walters for Congress and Jen Slater, Treasurer
8001 Irvine Center Drive, #400
Irvine, CA 92618

COMPLAINT

This complaint is filed under 52 U.S.C. § 30109(a)(1) against Rep. Walters, Walters for Congress (the "Federal Committee"), and Jen Slater, in her official capacity as Treasurer (collectively, "Respondents") for violating the Federal Election Campaign Act of 1971, as amended (the "Act") and Federal Election Commission (the "FEC" or "Commission") regulations, as described below. Rep. Walters appears to have illegally used her state campaign funds—which may have included corporate money and contributions in excess of federal limits—to aid her 2014 campaign for Congress. Using California state campaign funds in a federal election undermines the Act's anti-corruption purpose of limiting contributions and keeping corporate money out of congressional elections, and the FEC should immediately investigate and levy appropriate sanctions against Respondents for these apparent violations.

FACTS

Rep. Walters was a candidate for congress beginning in July 2013.¹ Her principal campaign committee was Walters for Congress.² Previously, Walters was a candidate for California state senate, and her state campaign committee was Friends of Mimi Walters for Senate 2012 ("State Committee 1").³ Another state committee account, Senator Mimi Walters 2012 Officeholder Account ("State Committee 2"), appears to have collected California contributions to defray officially-connected expenses of Walters's state senate office.⁴ A third state committee, Friends of Mimi Walters for Supervisor 2014 ("State Committee 3"), served Walter's campaign for Orange County Supervisor until Walters chose instead to run for Congress.⁵ Walters was ineligible to run for reelection in the state senate in the 2014 election because of term limits.⁶

On several occasions after Walters announced her candidacy for U.S. Congress, her state committees made expenditures for "campaign consultants:"

- On July 8, 2013, four days before Walters announced her candidacy for Congress, State Committee 3 paid \$938.34 to Keena Thomas Communications.⁷

¹ See Mimi Walters, FEC Form 2: Statement of Candidacy (July 12, 2013), <http://docquery.fec.gov/pdf/170/13031084170/13031084170.pdf>.

² *Id.*

³ See Senator Mimi Walters 2012 Officeholder Account, California Form 460 at 2 (Mar. 21, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1831960&amendid=0>.

⁴ See *id.* at 1.

⁵ See Friends of Mimi Walters for Supervisor 2014, California Form 501 (Jan 14, 2013), available by search at <http://public.netfile.com/pub2/?aid=coc&AspxAutoDetectCookieSupport=1>; see also Luke Ramseth, *Supervisor race suddenly with strong pull*, Orange County Register (July 13, 2013, 9:40 am), <http://www.ocregister.com/2013/07/13/supervisor-race-suddenly-with-strong-pull/>.

⁶ Luke Ramseth, *Supervisor race suddenly with strong pull*, Orange County Register (July 13, 2013, 9:40 am), <http://www.ocregister.com/2013/07/13/supervisor-race-suddenly-with-strong-pull/>.

⁷ See Expenditures of Friends of Mimi Walters for Supervisor 2014 at Tab "E-Expenditure," available for download at <http://public.netfile.com/Pub2/RequestCAL.Status.aspx?ID=3342da4c-93bb-ba66-04b0-a913c0b9cda7>.

- State Committee 1 paid Keena Thomas Communications LLC three times during 2013, after Walters declared for Congress: a \$125 payment on July 31, 2013; and two payments of, respectively, \$1,045.40 and \$737.50 on September 6, 2013.⁸
- State Committee 2 made two payments to Keena Thomas Communications LLC in 2013: \$1,362.50 on December 3, 2013, and \$311.50 on December 9, 2013.⁹ It also incurred a debt to Keena Thomas Communications LLC of \$832.87.¹⁰
- On January 20, 2014, State Committee 2 paid off the \$832.87 debt to Keena Thomas Communications LLC.¹¹ It also made two payments to Keena Thomas Communications LLC of, respectively, \$608.23 on February 6, 2014 and \$309.00 on March 11, 2014.¹²
- State Committee 1—the committee ostensibly serving Walters’s termed-out state senate career—paid Thomas Communications Group several times in late 2014: \$234 on June 4, 2014; \$209 on July 3, 2014; \$246.50 on August 8, 2014; \$184 on September 12, 2014; \$184 on October 6, 2014; and \$309 on November 10, 2014.¹³

⁸ See Friends of Mimi Walters for Senate 2012, California Form 460 at 14 (Jan. 27, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1817558&amendid=0>; see also California Secretary of State, Friends of Mimi Walters for Senate 2012, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1314311&session=2013&view=expenditures>.

⁹ See Senator Mimi Walters 2012 Officeholder Account, California Form 460 at 15 (Jan. 23, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1817785&amendid=0>; California Secretary of State, Senator Mimi Walters 2012 Officeholder Account, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1355246&session=2013&view=expenditures>.

¹⁰ *Id.* at 19; California Secretary of State, Senator Mimi Walters 2012 Officeholder Account, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1355246&session=2013&view=expenditures>.

¹¹ See Senator Mimi Walters 2012 Officeholder Account, California Form 460 at 9, 13 (Mar. 21, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1831960&amendid=0>; California Secretary of State, Senator Mimi Walters 2012 Officeholder Account, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1355246&session=2013&view=expenditures>.

¹² *Id.* at 10–11; California Secretary of State, Senator Mimi Walters 2012 Officeholder Account, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1355246&session=2013&view=expenditures>.

¹³ See Friends of Mimi Walters for Senate 2012, California Form 460 at 11 (July 22, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1871352&amendid=0>; Friends of Mimi Walters for Senate 2012, California Form 460 at 10, 12, 14 (Oct. 3, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1892787&amendid=0>; Friends of Mimi Walters for Senate 2012, California Form 460 at 9, 11 (Jan. 15, 2015), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1892787&amendid=0>.

- State Committee 2 also paid Thomas Communications Group \$459 for campaign consulting on April 7, 2014.¹⁴

Keena Thomas Communications and Thomas Communications Group were also vendors for Federal Committee during the 2013–2014 election cycle: according to FEC reports, Federal Committee paid Keena Thomas Communications a total of \$3,472.23 between August 14, 2013 and November 25, 2013 and paid Thomas Communications Group, LLC a total of \$2,473.21 between January 11, 2014 and December 9, 2014.

LEGAL DISCUSSION

The Commission's regulations prohibit the transfer of funds from a candidate's campaign committee or account for a nonfederal election to her principal campaign committee for a federal election.¹⁵ That prohibition includes in-kind transfers from the State Committees to Federal Committee.¹⁶ Here, the State Committees made suspicious expenditures for "campaign consultants" even though Walters was no longer seeking state office. Although State Committee 1 was formed to support Walters's candidacy for an office, state senator, for which she was ineligible to seek reelection, that committee spent a total of \$3,274.40 on campaign consultants between July 31, 2013 and November 10, 2014. State Committee 2, which was an account to defray official costs of Walters's then-state senate office, spent \$3,883.10 on campaign consultants between December 3, 2013 and April 7, 2014. State Committee 3, the committee supporting Walters's aborted bid for county supervisor, spent \$938.34 on campaign consultants

access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1930859&amendid=0; California Secretary of State, Friends of Mimi Walters for Senate 2012, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1314311&session=2013&view=expenditures>.

¹⁴ See Senator Mimi Walters 2012 Officeholder Account, California Form 460 at 12 (May 20, 2014), <http://cal-access.sos.ca.gov/PDFGen/pdfgen.prg?filingid=1853043&amendid=0>; California Secretary of State, Senator Mimi Walters 2012 Officeholder Account, Expenditures Made 2013–2014, <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1355246&session=2013&view=expenditures>.

¹⁵ 11 C.F.R. § 110.3(d).

¹⁶ See *id.* (prohibiting transfers of "funds or assets.").

four days before Walters declared for Congress. These payments all went to the same campaign consultants—Keena Thomas Communications and Thomas Communications Group, LLC—that also worked on Walters’s congressional campaign.

It is unusual for a soon-to-be-terminated state senate campaign committee or county supervisor campaign committee to spend so much money on campaign consultants when the candidate was no longer running for state senate or planning to drop out of the race for county supervisor. It is also unusual for an official officeholder account to pay for campaign consultants. The Commission should investigate whether these expenditures were for services that in fact served Walters’s federal campaign—the only truly active campaign during the period in which the expenditures were made—and were therefore an impermissible transfer of assets from the State Committees to Federal Committee.

If the expenditures in fact served the federal campaign, they would also be impermissible spending of soft money to influence a federal election. It is a violation of the Federal Election Campaign Act of 1971 for a federal candidate to “spend” funds in connection with a federal election unless the funds are subject to the Act’s limitations, prohibitions, and reporting requirements.¹⁷ California permits corporate and labor contributions to state campaign committees that would not be permissible under federal law, and its contribution limits are in excess of federal contribution limits.¹⁸ Here, there is no evidence that State Committee’s expenditures were subject to an accounting analysis that limited them to federally permissible funds. Thus, the Commission should also investigate whether Walters impermissibly spent soft money to win her 2014 congressional election.

¹⁷ 52 U.S.C. § 30125(e)(1)(A).

¹⁸ See Cal. Gov’t Code §§ 82047; 85301.

REQUESTED ACTION

As we have shown, Respondents appear to have violated the Act and Commission regulations by spending state campaign funds to influence a federal election. As such, we respectfully request that the Commission immediately investigate these violations and that Respondents be enjoined from further violations and be fined the maximum amount permitted by law.

Sincerely,

Deborah Cunningham-Skernik

SUBSCRIBED AND SWORN to before me this 17th day of January 2018.

Notary Public

My Commission Expires:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California, County of ORANGE
Subscribed and sworn to (or affirmed) before me on this 17th day
of JANUARY 2018 by DEBORAH CUNNINGHAM - SKERNIK
proved to me, on the basis of satisfactory evidence to be the
person(s) who appeared before me.

Signature *[Signature]* (seal)



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